



Financial Statements
June 30, 2014

South Dakota Soybean Research & Promotion Council

South Dakota Soybean Research & Promotion Council

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Independent Auditor's Report

The Board of Directors
South Dakota Soybean Research & Promotion Council
Sioux Falls, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the South Dakota Soybean Research & Promotion Council (the Council), a special revenue fund of the State of South Dakota, which comprise the balance sheet as of June 30, 2014, and the related statement of revenues, expenditures, and changes in fund balance – budget and actual for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota Soybean Research & Promotion Council as of June 30, 2014, and the changes in fund balances and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, these financial statements present only the South Dakota Soybean Research & Promotion Council and do not purport to, and do not, present fairly the financial position of the State of South Dakota, as of June 30, 2014, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the financial statements, the Council changed from the cash basis of accounting to the modified accrual basis of accounting. The Council has retroactively restated the previously reported fund balance to account for the change in basis of accounting. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplemental Information*

The South Dakota Soybean Research & Promotion Council has not presented Management's Discussion and Analysis (MD&A) or certain budgetary information that the accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The Listing of Council Officials, page 16, and the Contracts in Progress Schedule, page 17, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The listings have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2014, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Other Reporting Required by United Soybean Board

In connection with our audit, nothing came to our attention that caused us to believe that the Council failed to comply with the terms, insofar as they relate to the accounting matters of the Soybean Promotion, Research and Consumer Information Act of 1990 (the "Act") and the Soybean Promotion and Research Order (the "Order") relative to the use of funds collected by the State Board and with the terms described in Section 1220.228(a) of the Order relative to prohibited uses of funds collected by the State Board.

In connection with our audit, nothing came to our attention that caused us to believe the Council failed to comply with terms insofar as they relate to the accounting matters of the Act and the Order relative to the investment of funds collected by the State Board and with provisions of Section 1220.211(j). However, our audit was not directed primarily toward obtaining knowledge of such noncompliance in the use and investment of funds.

The reporting required by United Soybean Board is intended solely for the information and use of the Directors and management of the Qualified State Soybean Board, the USB, the State of South Dakota, and the United States Department of Agriculture, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Sioux Falls, South Dakota
October 6, 2014

South Dakota Soybean Research & Promotion Council

Balance Sheet

June 30, 2014

Assets

Cash in checking	\$ 33,123
Investment in State Treasury Cash Management Pool	10,565,080
Accounts receivable	18,754
Interest receivable	<u>27,574</u>
Total Assets	<u>\$ 10,644,531</u>

Liabilities and Fund Balance

Liabilities	
Accounts payable	<u>\$ 1,127,697</u>
Fund Balance	
Restricted fund balance	<u>9,516,834</u>
Total Liabilities and Fund Balance	<u>\$ 10,644,531</u>

South Dakota Soybean Research & Promotion Council
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Assessment revenue collected			
Collected from first purchasers	\$ 9,914,063	\$ 11,620,686	\$ 1,706,623
Collected from other QSSBs	-	1,092,097	1,092,097
Total assessments collected	9,914,063	12,712,783	2,798,720
Less			
Assessment receipts remitted to USB	4,957,031	6,185,983	(1,228,952)
Assessment receipts remitted to other QSSBs	-	123,315	(123,315)
Net assessment receipts collected	4,957,032	6,403,485	1,446,453
Grants			
USB Animal Ag grant	-	35,925	35,925
USB Smith Bucklin	-	36,550	36,550
Total grants	-	72,475	72,475
Other			
Investment return - SD Investment Council	100,000	132,055	32,055
Total other	100,000	132,055	32,055
Total revenues	5,057,032	6,608,015	1,550,983
Expenditures			
Programs			
Promotion	1,691,515	1,477,655	213,860
Research	1,281,676	1,091,897	189,779
Consumer information	293,758	316,171	(22,413)
Producer communications	1,420,397	1,363,812	56,585
Total programs	4,687,346	4,249,535	437,811
Administration			
Program operations	529,689	383,170	146,519
Equipment	31,000	25,169	5,831
Total administration	560,689	408,339	152,350
Total expenditures	5,248,035	4,657,874	590,161
Excess of Revenues over Expenditures	(191,003)	1,950,141	2,141,144
Fund Balance, Beginning of Year			
As previously reported	8,353,762	8,353,762	-
Change in accounting basis	(787,069)	(787,069)	-
As restated	7,566,693	7,566,693	-
Fund Balance, End of Year	\$ 7,375,690	\$ 9,516,834	\$ 2,141,144

South Dakota Soybean Research & Promotion Council

Notes to Financial Statements

June 30, 2014

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The South Dakota Soybean Research & Promotion Council (the Council) is certified as a Qualified State Soybean Board (QSSB) as defined in section 1220.228 of the Soybean Promotion and Research Order in the Federal Register (volume 56, 131) and is a state agency established under and governed by the laws of the State of South Dakota (State). The Council administers programs and activities that are subject to the 1990 Federal legislation titled Soybean Promotion, Research and Consumer Information Act (the Act). The Act was effective September 1, 1991. The Council is exempt from state and federal income taxes.

Fund Accounting

The accounts of the Council are organized on the basis of a fund which is considered to be a separate accounting entity. The operations of the fund are accounted for with a self-balancing set of accounts that comprise its assets, fund balance, receipts and expenditures. Government resources are allocated to and accounted for in the fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Type

The Soybean Check-Off Fund is a special revenue fund of the State maintained for the collection and disbursement of soybean check-off assessments. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has granted the Council the authority to administer assets held in the Soybean Check-off Fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The Council's accounts are maintained on the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues in the period in which they become available and measureable. The revenue which was accrued at June 30, 2014, is interest receivable. Expenditures are generally recognized when the related fund liability is incurred. Grants and similar expenditures are recognized when the recipient has met all eligibility requirements.

Cash and Cash Equivalents

Cash and investments include cash on hand, demand deposits and a participating interest in the State's internal investment pool held by the State Treasurer. The amount held in the State's internal investment pool is reported at fair value.

Management of the State's internal investment pool is the statutory responsibility of the South Dakota Investment Council (SDIC). The investment policy and required risk disclosures for the State's internal investment pool are presented in the SDIC's audit report which can be obtained by contacting the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501. Funds on deposit with the State Treasury are invested by the State Investment Officer pursuant to SDCL 4-5-23 with the Council getting its proportionate share of interest income under SDCL 4-5-30. The Council did not have privately held investments as June 30, 2014.

South Dakota Soybean Research & Promotion Council

Notes to Financial Statements

June 30, 2014

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Council does not have a deposit policy for custodial credit risk. The bank account is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the Council's bank balance exceeded this limit.

Fund Balance

Restricted fund balance represents revenues that are externally restricted or revenues that have restrictions imposed upon them, limited to the requirements of the Act.

Subsequent Events

The Council has evaluated subsequent events through October 6, 2014, the date which the financial statements were available to be issued.

Note 2 - Description of Financial Activity

The titles and description for significant accounts that are used by the Council are as follows:

Revenues

Collected from first purchasers – assessments collected from South Dakota based first purchasers of soybeans, either sold or forfeited in lieu of loan payments

Collected from other QSSBs – assessments collected from other QSSB as a result of South Dakota based producers selling soybeans to an out-of-state purchaser

Assessment receipts remitted to USB – remittances to the USB are half of the total assessment receipts collected; net of refunds, remittances to other QSSBs, and allowable collection costs

Assessment receipts remitted to other QSSBs – remittances of assessments collected from South Dakota based first purchasers to the QSSB entitled to the receipt based on the producer's location

Expenditures

Promotion – any action, including ads, technical assistance, or trade serving to enhance the desirability of soybeans in international and domestic markets

Research – any type of study to advance the image, desirability, marketability, production, product development, quality, functional, or nutritional value of soybeans

Consumer information – information that will assist consumers in making purchase decisions about buying and using soybeans and soybean products

Producer communications – reporting to soybean producers of the Council's activities and an accounting for funds received and expended

South Dakota Soybean Research & Promotion Council

Notes to Financial Statements

June 30, 2014

Program operations – expenditures associated with the cost to conduct the activities of the Council and the Council's Board of Directors and expenses directly related to the activities conducted by the South Dakota Department of Agriculture for concentrated management services of fee collection, fiscal and personnel services, and data processing services

Note 3 - Check-Off Fees

Pursuant to the Act, an assessment of one-half of one percent of the net market price of soybeans grown in the State or sold to a first purchaser in the State is deducted from the purchase price of the soybeans by the first purchaser and remitted to the Council within thirty days of the end of each calendar quarter. One half of the collected assessments must be remitted to the United Soybean Board (USB) by the last day of the month following the quarter in which the assessment was remitted to the Council.

Note 4 - South Dakota Soybean Association

The Council contracts on a yearly basis with the South Dakota Soybean Association (the Association) to carry out programs designed to benefit the soybean industry. These programs include providing promotional, consumer, producer, and industry information to various entities and organizations worldwide. Additionally, the Council contracts on a yearly basis with the Association to share employees, including the Executive Director; office space; and certain overhead expenses.

For the year ended June 30, 2014, the total costs paid by the Council to the Association were \$633,862, and the total costs paid by the Association to the Council were \$43,679.

The Council had outstanding accounts payable to the Association of \$19,311 as June 30, 2014 and outstanding accounts receivable from the Association of \$688.

South Dakota Soybean Research & Promotion Council
Notes to Financial Statements
June 30, 2014

Note 5 - Statement of Expenses – Budget and Actual (Budgetary Basis)

The Council provides an informational budget to the State approximately two years in advance of the start of the fiscal year. The results of actual operations compared to the informational budget for the year ending June 30, 2014, are as follows:

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Contractual services, including amounts remitted to the USB and other QSSBs recorded as a reduction of revenue	\$ 4,991,047	\$ 7,337,751	\$ (2,346,704)
Grants and subsidies	5,389,985	3,208,365	2,181,620
Employee salaries and benefits	438,573	404,341	34,232
Supplies and materials	<u>18,000</u>	<u>16,715</u>	<u>1,285</u>
Expenditures prior to remittance payments	<u>\$ 10,837,605</u>	10,967,172	<u>\$ (129,567)</u>
Less amounts remitted to the USB and other QSSBs recorded as a reduction of revenue		<u>(6,309,298)</u>	
Total expenditures		<u>\$ 4,657,874</u>	

Prior to the start of the fiscal year, the Council reviews the informational budget and makes changes as needed based on the current operational environment. The updated budget is approved by the Board and submitted to the USB and the United States Department of Agriculture's Agriculture Marketing Service. The budget shown on the statement of revenues, expenditures, and changes in fund balance – budget and actual in the accompanying financial statements differs from the informational budget shown above as it reflects the changes made to the informational budget prior to the start of the fiscal year.

Note 6 - Operating Leases

The Council has entered into leases for office space and office equipment under long-term operating leases. Under the office space lease arrangements, the Council pays all utilities and its share of the property taxes, insurance, maintenance and expenses related to the leased property.

The lease agreement for office space expires on June 30, 2016. Operating lease expense for the year ended June 30, 2014, was \$70,758. The estimated future minimum lease payments at June 30, 2014, are summarized as follows:

<u>Year Ending June 30,</u>	<u>Office Space</u>	<u>Office Equipment</u>
2015	\$ 46,604	\$ 11,398
2016	46,604	5,148
2017	-	1,287

South Dakota Soybean Research & Promotion Council

Notes to Financial Statements

June 30, 2014

Note 7 - Risk Management

The Council is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council carries commercial insurance for all significant risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 8 - Future Commitments

The Council has committed approximately \$2,388,000 for funding of projects for the year ending June 30, 2014. These projects relate to soybean research, promotion, and other various activities aimed at enhancing consumer and producer awareness of soybeans and soybean related issues. The Council has paid approximately \$1,154,000 towards these projects as of June 30, 2014, and expects to pay the remaining \$1,232,000 during 2015 of which \$1,034,300 is included in accounts payable at June 30, 2014. The remaining \$197,700 represents uncompleted contract costs.

In addition, the Council has committed to provide approximately \$5,565,000 and \$1,740,000 in funding for projects to be completed during 2015 and 2016, respectively. As of June 30, 2014, the entire amounts of these commitments remain outstanding.

Note 9 - Retirement Plan

The Council participates in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer defined benefit pension plan established to provide retirement, disability, and survivor benefits for employees of the State and its political subdivisions. Authority for establishing, administering, and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures, and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Employees are required by state statute to contribute six percent of their salary to the plan. State statute also requires the employer to contribute an amount equal to the employee's contribution. The right to receive retirement benefits vests after three years of credited service. The Council's contributions to the SDRS for the years ended June 30, 2014, 2013, and 2012 were \$17,213, \$13,512, and \$12,687, respectively, equal to the required contributions for each year.

Note 10 - Accumulated Unpaid Vacation and Sick Leave

Annual leave is earned on a biweekly basis by employees at a rate based on their years of service. Upon termination employees are entitled to receive compensation for their accrued annual leave balance.

Sick leave is earned by the employees at the rate of approximately 4.67 hours per biweekly payroll period. Employees who have been continuously employed by the State for at least seven years prior to the date of their retirement, voluntary resignation, or death will receive payment equal to one-fourth of their accumulated unused sick leave, not to exceed 480 hours.

South Dakota Soybean Research & Promotion Council
Notes to Financial Statements
June 30, 2014

As of June 30, 2014, balances for accrued vacation and sick leave were \$18,949 and \$8,076, respectively. These liabilities are not reflected in the accompanying financial statements, as they are not expected to be liquidated with expendable available financial resources.

Note 11 - Change in Accounting Basis

The Council changed from the cash basis of accounting to the modified accrual basis of accounting during 2014. In accordance with generally accepted accounting principles, governmental fund revenue and expenditures should be recognized on the modified accrual basis. The Council made this change to better reflect the financial position and operating results. As a result of the change in accounting basis, the Council's beginning restricted fund balance has been adjusted as follows:

Restricted Fund Balance

Restricted fund balance, as previously stated	\$ 8,353,762
Adjustments to beginning restricted fund balance due to change in accounting basis	<u>(787,069)</u>
Restricted fund balance, as restated	<u><u>\$ 7,566,693</u></u>



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on the Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Board of Directors
South Dakota Soybean Research & Promotion Council
Sioux Falls, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the South Dakota Soybean Research & Promotion Council (the Council), a special revenue fund of the State of South Dakota, as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 6, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as Finding 2014-A to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Dakota Soybean Research & Promotion Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

The Council's Response to Finding

South Dakota Soybean Research & Promotion Council's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Sioux Falls, South Dakota
October 6, 2014

South Dakota Soybean Research & Promotion Council
Schedule of Findings and Responses
Year Ended June 30, 2014

Finding 2014-A - Preparation of Full Disclosure Financial Statements and Material Adjustments

Criteria:	Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.
Condition:	The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we proposed material audit adjustments that would not have been identified as a result of the Council's existing internal controls. We were also requested to draft the financial statements and accompanying notes to the financial statements.
Cause:	The Council has limited staff. The Council requested assistance with the change from the cash basis of accounting to the modified accrual basis. They cannot justify having an individual on staff with the proper accounting skills necessary for preparing the draft financial statements and accompanying notes to the financial statements.
Effect:	Material audit adjustments were needed at year-end. Inadequate controls over financial reporting of the Council could result in the likelihood that the Council would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.
Recommendation:	While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial accounting and reporting requirements of the Council as well as changes in these requirements.
Response:	Management will review the year-end adjustments. Since it is not cost-effective for an organization of our size to have an individual on staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare our financial statements as part of the annual audit. We have designated a member of management to review the propriety of the draft financial statements and accompanying notes to the financial statements.

South Dakota Soybean Research & Promotion Council
Schedule of Prior Audit Findings
Year Ended June 30, 2013

Audit findings reported in the financial statements issued June 30, 2013, are as follows:

Finding 2013-A - Preparation of Financial Statements

Condition: The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Current Status: The Council has determined that it is not cost-effective for an organization of their size to have an individual on staff to prepare audit-ready financial statements. They have chosen to hire Eide Bailly to prepare their financial statements as part of the annual audit. A member of management has been designated to review the propriety of the draft financial statements and accompanying notes to the financial statements. The finding was repeated at Finding 2014-A on the accompanying Schedule of Findings and Responses.

Finding 2013-B – Compliance with United Soybean Board (USB) Regulations

Condition: During the year under audit, the Council made 705 disbursements of check-off monies. We reviewed sixty of these disbursements and found that all of the disbursements tested complied with USB regulations regarding the use of check-off funds as defined by Section 1220.230 of the Soybean Promotion, Research, and Consumer Act of 1990. In connection with this procedure, we reviewed twenty-one contracts. We found four instances where the contracts had no documentation addressing rights of ownership of project results and/or retention of records. These contract provisions were added in the contracts for fiscal year 2014. In addition we noted one disbursement that, while in compliance with USB regulations regarding use of check-off funds, did not have a contract but should have based on the nature of the disbursement.

Current Status: The Council adopted a Project Management System to help maintain compliance with USB regulations regarding project funding and implemented a new standard contract. We did not note any contracts that were not in compliance with USB regulations in the testing performed related to the year ending June 30, 2014.



Supplementary Information
June 30, 2014

South Dakota Soybean Research & Promotion Council

South Dakota Research and Promotion Council Board

Marc Reiner, Chairman
Bob Metz, Vice Chairman
Monica McCranie, Secretary/Treasurer
Craig Converse, Director
Matt Bainbridge, Director
Stan Hanson, Director
Doug Hanson, Director

South Dakota Research and Promotion Council Executive Director:

Jeremy Freking

United Soybean Board Directors:

David Iverson
Lewis Bainbridge
Bob Metz

South Dakota Soybean Research & Promotion Council
Contracts in Progress Schedule
June 30, 2014

<u>FY 2014 - Project Description</u>	<u>Budgeted</u>	<u>Paid as of June 30, 2014</u>	<u>Remaining Balance June 30, 2014</u>
SDSU	\$ 1,043,622	\$ 578,514	\$ 465,108
USSEC/ USB	298,557	46,313	252,244
USMEF	189,800	44,155	145,645
SRDC Grays Harbor	99,700	-	99,700
USAPEEC	177,100	99,935	77,165
Michelle Rook (Consumer)	79,300	37,700	41,600
SRDC Petroleum Outreach	35,000	-	35,000
Soybean Research and Development	24,266	-	24,266
CLR	50,000	20,000	30,000
SRDC Blk Sea	23,350	-	23,350
Ag United	72,000	60,461	11,539
SD Ag in the Classroom	10,000	-	10,000
SD Pork Producer	15,000	9,000	6,000
NBB	265,000	259,944	5,056
SRDC Soy Meal	5,000	-	5,000
	<u>\$ 2,387,695</u>	<u>\$ 1,156,022</u>	<u>\$ 1,231,673</u>
<u>FY 2015 - Project Description</u>			
Annual Ag Appreciation Banquet	\$ 1,500	\$ -	\$ 1,500
SD Livestock & Poultry Public Awareness Campaign	76,500	-	76,500
ASA Soybean Leadership College	10,000	-	10,000
ASA Soy Stats	3,000	-	3,000
Biodiesel Blender Pump Program	239,000	-	239,000
Ag Appreciation Banquet	500	-	500
Magazine Proposal	80,740	-	80,740
Trade Team Proposal	25,000	-	25,000
See For Yourself PNW	75,000	-	75,000
Domestic New Orleans and Poultry Expo	112,000	-	112,000
Teaching Gardens Exploring SD Ag Pilot Project	1,000	-	1,000
Consumer Reports	82,794	-	82,794
Soybean Meal Information Center	5,000	-	5,000
Specialty Grain Conference & Trade Show	12,500	-	12,500
Black Sea	23,350	-	23,350
Defining Soy Crude Protein / Amino Acid Values	122,500	-	122,500
Grays Harbor	99,700	-	99,700
Regional Petroleum Outreach Education Project	35,000	-	35,000
ABI- Advance Biofuels Acceleration Project	150,000	-	150,000
Bioheat Consumer Communications and Advertising	100,000	-	100,000
Secure data B20 blend project	31,250	-	31,250
China: Feed Manufacturing Technology Key Course	36,906	-	36,906
Southeast Asia Price Analysis and Risk Management			
Seminar	9,933	-	9,933
Soybean Ag Magazine	10,000	-	10,000

South Dakota Soybean Research & Promotion Council
Contracts in Progress Schedule
June 30, 2014

Project Description	Budgeted	Paid as of June 30, 2014	Remaining Balance June 30, 2014
SD FFA Star Partner Program	\$ 5,750	\$ -	\$ 5,750
Educational Programs	20,000	-	20,000
Taste of Elegance	10,000	-	10,000
Soybean Meal Amino Acide NIR Calibration	18,000	-	18,000
SDARL Leadership Program	20,000	-	20,000
Membership Soy Aquaculture Alliance	25,000	-	25,000
Determination & Validation of Transcriptomic & Metabolite Biomarkers	30,000	-	30,000
Membership Soy Transportation Coalition	25,000	-	25,000
Improving Worldwide Market Access	186,550	-	186,550
US Pork High Value Cuts & Value-Added Products" Japan	195,000	-	195,000
Engagement with Chinese Soy Industry	82,725	-	82,725
Chinese Joint Trade & Tech Seminars	65,560	-	65,560
9th Asia Grains Transportation Conference	75,042	-	75,042
12th Regional SE Asia U.S. Agricultural Cooperator's Conference	84,350	-	84,350
In-Country Representation - The Philippines	80,833	-	80,833
Strengthening SD Soybean Producers & Rural Agribusinesses	10,000	-	10,000
WISHH	100,000	-	100,000
WISHH Strategic planning	5,000	-	5,000
Growing Kids, Growing Markets	29,000	-	29,000
SDSA Projects	730,149	-	730,149
SDSA Admin	64,571	-	64,571
Achieving 100 Bu/A soybean yields: Developing, testing, and sharing high yield protocols with South Dakota soybean producers	208,953	-	208,953
Controlling Weeds in Soybean	105,124	-	105,124
Critically evaluating the interpretation of soybean plant tissue analysis in the 21st century	108,124	-	108,124
Determination of Heterodera glycines types for improved soybean cyst nematode management	90,002	-	90,002
Effective Soybean Diseases Management with fungicides and nematicides and soybean disease education	65,145	-	65,145
Efficacy of Soybean Meal in reducing the effects of PRRS challenge in Pigs	108,505	-	108,505
Efficient and Economical Molecular Diagnostic Tools for Soybean Stresses	89,426	-	89,426
Evaluating Subirrigation for managing water and increasing yields in SD	40,966	-	40,966
Evaluation of a microbially-converted soybean meal on nursery pig performance, gut health, and post-weaning diarrhea incidence	23,700	-	23,700

South Dakota Soybean Research & Promotion Council
Contracts in Progress Schedule
June 30, 2014

<u>Project Description</u>	<u>Budgeted</u>	<u>Paid as of June 30, 2014</u>	<u>Remaining Balance June 30, 2014</u>
Feeding microbially-enhanced soy protein in dairy calf starter with traditional or accelerated milk replacer	\$ 37,853	\$ -	\$ 37,853
Management and Outreach for Soybean Insect and Mite Pests in South Dakota	103,332	-	103,332
Soybean Investigations: Research On Your Farm	10,000	-	10,000
Using Denitrification Bioreactors and Phosphate Adsorption Media to Remove Nutrients from Agricultural Subsurface Drainage	59,010	-	59,010
Planting early maturity group soybeans to limit soybean aphid infestations	26,219	-	26,219
Fusarium Pathology Research	82,619	-	82,619
Funding for Greenhouse Project	1,000,000	-	1,000,000
North Central Soybean Research Program	200,000	-	200,000
	<u>\$ 5,564,681</u>	<u>\$ -</u>	<u>\$ 5,564,681</u>
<u>Project Description - FY2015/FY2016</u>			
Hungry for the Truth	<u>\$ 1,740,000</u>	<u>\$ -</u>	<u>\$ 1,740,000</u>